GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3109
ANSWERED ON:08.12.2000
EXTERNAL DEBT
BIR SING MAHATO;SHANKERSINH VAGHELA

Will the Minister of FINANCE be pleased to state:

(a) whether the country is moving close to internal and external debt trap;

(b) if so, the details of internal and external financial burden with Union and State Government as on October 31, 2000; and

(c) the multi-pronged steps/comprehensive measures taken/ proposed to be taken to reduce these debts?

Answer

Minister of State in the Ministry of Finance (Shri Balasaheb Vikhe Patil)

(a) India has made significant improvement in the sphere of external debt management. Thus, for example, External Debt to GDP ratio improved from 38.7 per cent at end March, 1992 to 22.0 per cent at end March 2000. Debt Service to Current Receiptsratio improved from 35.3 per cent in 1990-1991 to 16.0 percent in 1999-2000. On the domestic debt front, internal liability of the Central Government as ratio to GDP improved from 52.9 percent in 1990-91 to 45.6 per cent in 1996-97, before increasing to 49.9 per cent in 1999-2000 (RE).

(b) The external, internal debt and other liabilities of the Central Government as at end- March 2000 are as under:
(Rs. in crores) (As per RE 1999-2000)

Internal Debt	728627
External Debt (book-value)	57603
Other Liabilities	244514
Total:	1030744

The outstanding stock of debt of State Governments at end March 2000 was Rs. 4,18,474 crore.

(c) With a view to address the problem of growing fiscal imbalance and internal debt accumulation, the Government has taken a number of steps. On the taxation front, the basic approach has been to move towards a tax structure, which is simple, follows sound economic principles, relies on moderate tax rates and places emphasis on wider base and better enforcement. The government have also taken a series of measures to control growth in non-plan, non-developmental expenditure. Budget for 2000-01 has proposed to provide a strong institutional mechanism for medium term management of fiscal deficit through a Fiscal Responsibility Act.